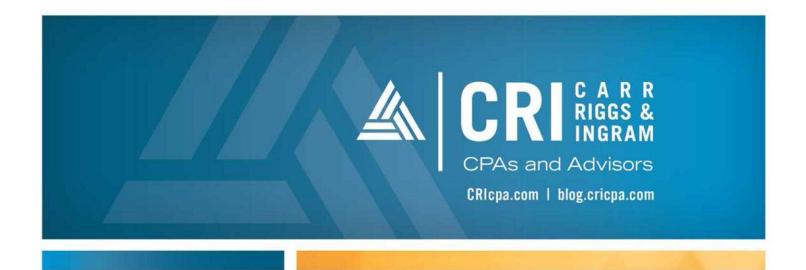
ALGIERS DEVELOPMENT CORPORATION

FINANCIAL REPORT

For the Year Ended December 31, 2014



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INDEPENDENT AUDITOR'S REPORT

To The Board of Directors of Algiers Development Corporation New Orleans, Louisiana

Report on the Financial Statements

We have audited the accompanying financial statements of Algiers Development Corporation (ADC), a nonprofit organization, which comprise the statement of financial position as of December 31, 2014, and the related statements of activities and changes in net assets and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of ADC as of December 31, 2014, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards, as required by Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations,* is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise ADC's financial statements. The schedule of compensation, benefits and other payments to agency head is presented for purposes of additional analysis and is not a required part of the basic financial statements.

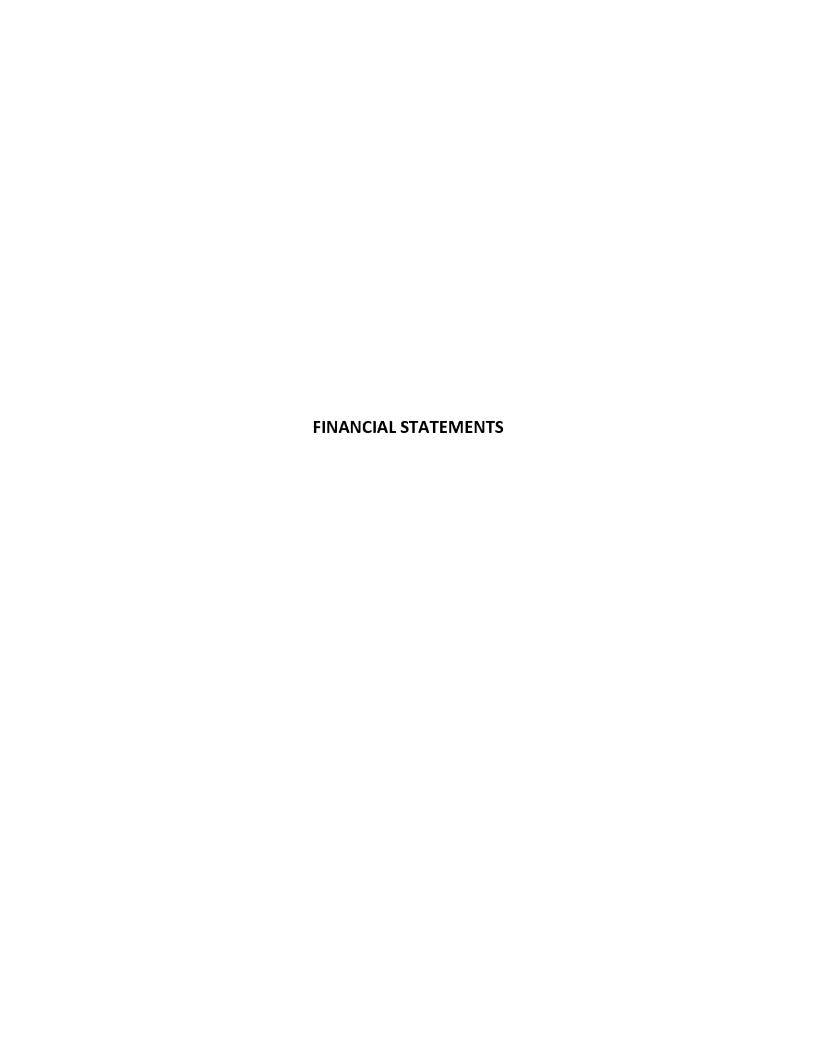
The schedule of compensation, benefits and other payments to agency head is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of compensation, benefits and other payments to agency head is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 29 2015, on our consideration of Algiers Development Corporations' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Algiers Development Corporation's internal control over financial reporting and compliance.

Carr. Riggs & Ingram. LLC

June 29, 2015



ALGIERS DEVELOPMENT CORPORATION STATEMENT OF FINANCIAL POSITION

As of December 31,	2014
ASSETS	
CURRENT ASSETS	
	422.024
Cash and cash equivalents	\$ 122,821
OTHER ASSETS	
Bond principal investment	7,449,137
TOTAL ASSETS	\$ 7,571,958
LIABILITIES AND NET ASSETS	
NET ASSETS	
Unrestricted	\$ 7,571,958
TOTAL LIABILITIES AND NET ASSETS	\$ 7,571,958

ALGIERS DEVELOPMENT CORPORATION STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS

For the Year Ended December 31,		2014
PROGRAM REVENUE	797	
Grant income	\$	7,500,000
Interest income		134,276
Other income		902
Total Program Revenue		7,635,178
PROGRAM SERVICES		
Grants and contracts		185,883
Total Program Services		185,883
SUPPORT SERVICES		
Professional services		47,917
Insurance		2,514
Dues and subscriptions		140
Miscellaneous expense		25
Total Support Services		50,596
CHANGES IN NET ASSETS		7,398,699
NET ASSETS – Unrestricted – Beginning of year		173,259
NET ASSETS – Unrestricted – End of year	\$	7,571,958

ALGIERS DEVELOPMENT CORPORATION STATEMENT OF CASH FLOWS

For the Year Ended December 31,	2014
CASH FLOWS FROM OPERATING ACTIVITIES	
Changes in net assets	\$ 7,398,699
Net cash provided by operating activities	7,398,699
CASH FLOWS FROM INVESTING ACTIVITIES	
Purchase of bond principal investment	(7,314,861)
Interest income on bond principal investment	(134,276)
Net cash used in investing activities	(7,449,137)
Cash and cash equivalents, at the beginning of year	173,259
Cash and cash equivalents, at the end of year	\$ 122,821

ALGIERS DEVELOPMENT CORPORATION NOTES TO THE FINANCIAL STATEMENTS

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Organization – Algiers Development Corporation (ADC) was organized as a 501(c)(3) non-profit corporation under the laws of the State of Louisiana on April 27, 2012. The corporation is organized exclusively for the purpose of promoting the health, education and welfare of the residents of Algiers. The mission of ADC is to provide professional leadership governed by the highest ethical principles in the development of a world-class community for Algiers residents, schools and businesses.

Basis of Accounting – ADC prepares its financial statements on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

Financial Statement Presentation – Financial statement presentation follows the recommendation of the Financial Accounting Standards Board in its Codification Statement No. 958, *Not-for-Profit Entities*. Under Codification Statement No. 958, ADC is required to report information regarding its financial position and activities according to three classes of net assets, unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets, as applicable.

Unrestricted Net Assets – Support, revenues, and expenses for the general operation of ADC.

Temporarily Restricted Net Assets – Contributions specifically authorized by the grantor or donor to be used for a certain purpose or to benefit a specific period.

Permanently Restricted Net Assets – Contributions subject to donor-imposed restrictions and that are to be held in perpetuity by ADC.

As of December 31, 2014, ADC had no temporarily or permanently restricted net assets.

Public Support and Revenues – ADC's primary source of funding is through contributions and state allocations through the State of Louisiana. ADC received \$7,500,000 of Community Development Block Grant funds from the State of Louisiana Office of Community Development – Disaster Recovery Unit.

Cash and Cash Equivalents – For purposes of reporting the statement of cash flows, ADC considers all highly liquid debt instruments purchased with original maturities of three months or less to be cash equivalents.

Bond Principal Investment – Management determines the appropriate classification of debt securities at the time of purchase and reevaluates such designation as of each statement of financial position date. Debt securities are classified as held-to-maturity when the District has the positive intent and ability to hold the securities to maturity. Held-to-maturity securities are stated at amortized cost.

ALGIERS DEVELOPMENT CORPORATION NOTES TO THE FINANCIAL STATEMENTS

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Bond Principal Investment (Continued) — With respect to debt securities, when the fair value of a debt security classified as held-to-maturity is less than its amortized cost, management assesses whether or not: (i) it has the intent to sell the security or (ii) it is more likely than not that the District will be required to sell the security before its anticipated recovery. If either of these conditions is met, the District must recognize an other-than-temporary impairment through earnings for the difference between the debt security's amortized cost basis and its fair value, and such amount is included in net securities gains (losses). For the year ended December 31, 2014, there were no impairments recorded related to the bond principal investment.

Interest Income on Bond Principal Investment – The bond principal investment was purchased at a discount of \$3,685,139. ADC will recognize the discount as interest income over the remaining life of the bonds from the date of purchase (247 months) using the straight-line method. The amount of interest income recognized during the year ended December 31, 2014 was \$134,276.

Use of Estimates – The preparation of financial statements in conformity with generally accepted accounting principles accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during reporting period. Actual results could differ from those estimates.

Income Taxes – Income taxes are not provided for in the financial statements since ADC is exempt from federal and state income taxes under Section 501(c)(3) of the Internal Revenue Code and similar state provisions. Management does not believe there are any uncertain tax positions included in the accompanying financial statements.

Revenues – Revenues are generally recorded only upon receipt, unless evidence or an unconditional promise to give has been received. Unconditional promises to give that are expected to be collected in future years are recorded at the present value for the amounts expected to be collected. Conditional promises to give are not included as support until such time as the conditions are substantially met. All revenues are considered available for unrestricted use unless specifically restricted by the donor. Restricted revenues received during the year whose restriction is met within the year are recorded as unrestricted revenues on the statement of revenues, expenses and changes in net assets.

NOTE 2 – CONCENTRATION OF CREDIT RISK

At December 31, 2014, ADC had bank balances totaling \$122,821 on deposit in a financial institution located in Louisiana. The bank is insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. At December 31, 2014, ADC had \$122,821 in insured cash deposits.

ALGIERS DEVELOPMENT CORPORATION NOTES TO THE FINANCIAL STATEMENTS

NOTE 3 – BOND PRINCIPAL INVESTMENT

During the year ended December 31, 2014, ADC received \$7,500,000 in grant funding from the Louisiana Office of Community Development Disaster Recovery Unit in order to provide assistance to New Orleans Military and Maritime Academy, Inc. (NOMMA), a Louisiana nonprofit corporation. In accordance with the Principal Component Purchase Agreement dated October 31, 2012, ADC purchased \$11,000,000 in principal amount of Louisiana Local Government Environmental Facilities and Community Development Authority Revenue Bonds Series 2012 (the NOMMA Bonds) for \$7,314,861.

The NOMMA Bonds mature on October 25, 2034. The remaining \$185,139 of grant funds was transferred to NOMMA, Inc. in accordance with the grant agreement as operating assistance. ADC intends to hold the NOMMA Bonds to maturity.

NOTE 4 – CONTINGENCIES

ADC was the recipient of grant funds from the State of Louisiana (as noted above). The grant was governed by guidelines, regulations, and contractual agreements. The administration of the programs and activities funded by the grant is under the control and administration of the Louisiana Office of Community Development and is subject to audit and/or review by the applicable funding source. Any grant funds found not to be properly spent in accordance with the terms, conditions, and regulations of the funding source may be subject to recapture.

NOTE 5 – RISK MANAGEMENT

ADC is exposed to various risks of loss from torts, theft of, damage to, and destruction of assets, business interruption, errors and omissions, natural disasters. Commercial insurance coverage is purchased for claims arising from such matters. There were no settled claims that exceeded this commercial coverage for the year ended December 31, 2014.

NOTE 6 - BOARD OF DIRECTORS' COMPENSATION

The members of the Board of Directors serve in a voluntary capacity and, therefore, no compensation, per diem, or travel allowance was paid to any board member during the year ended December 31, 2014.

NOTE 7 – SUBSEQUENT EVENTS

Management has evaluated subsequent events through the date that the financial statement were available to be issued, June 29, 2015, and determined that no events occurred that require disclosure. No subsequent events occurring after this date have been evaluated for inclusion in these financial statements.

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ALGIERS DEVELOPMENT CORPORATION SCHEDULE OF COMPENSATION, BENEFITS, AND OTHER PAYMENTS TO AGENCY HEAD

For the Year Ended December 31,

2014

Agency Head Name: Tom Arnold, Chairman

Purpose	Amount
Salary	\$
Benefits-health insurance	-
Benefits-retirement	-
Deferred compensation	
Workers comp	12T
Benefits-life insurance	25
Benefits-long term disability	=
Benefits-Fica and Medicare	·=
Car allowance	=
Vehicle provided by government	-
Cell phone	-
Dues	-
Vehicle rental	-
Per diem	-
Reimbursements	-
Travel	·=
Registration fees	=
Conference travel	-
Unvouchered expenses	**
Meetings and conventions	_
Other	:=
Total	\$ -

ALGIERS DEVELOPMENT CORPORATION SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Federal Grantor/Pass-Through or Grantor/Program or Cluster Title	Federal CFDA Number	Federal Expenditures	
U.S. Department of Housing and Urban Development Direct			
Community Development Block Grants in Grants/State's program and Non-Entitlement Hawaii	14.228	\$	7,500,000
Total U.S. Department of Housing and Urban Development Direct Programs		·-	7,500,000
Total Expenditures of Federal Awards		\$	7,500,000

Notes to Schedule of Expenditures of Federal Awards

Note 1 - Summary of Significant Accounting Policies

Basis of Presentation - This schedule includes the federal grant activity of Algiers Development Corporation and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments and Non-Profit Organizations*.





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INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

To the Board of Commissioners of Algiers Development Corporation Algiers, Louisiana

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the Algiers Development Corporation (ADC), a nonprofit organization, which comprise the statement of financial position as of December 31, 2014 and the related statements of activities and changes in net assets and cash flows for the year then ended, and the related notes to financial statements, and have issued our report thereon dated June 29, 2015.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered ADC's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of ADC's internal control. Accordingly, we do not express an opinion on the effectiveness of ADC's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any

deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether ADC's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed one instance of noncompliance or other matters that is required to be reported under *Government Auditing Standards*. See Finding 2014-01 in the schedule of findings and questioned costs.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering ADC's internal control and compliance. Accordingly, this communication is not suitable for any other purpose. Under Louisiana Revised Statue 24:513, this report is distributed by the Louisiana Legislative Auditor as a public document.

Carr. Riggs & Ingram. LLC

June 29, 2015



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INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR THE MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133

To The Board of Directors of Algiers Development Corporation New Orleans, Louisiana

Report on Compliance for the Major Federal Program

We have audited Algiers Development Corporation (ADC) compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on ADC's major federal program for the year ended December 31, 2014. ADC's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of ADC's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about ADC's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of ADC's compliance.

Opinion on the Major Federal Program

In our opinion, ADC complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended December 31, 2014.

Report on Internal Control Over Compliance

Management of ADC is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered ADC's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of ADC's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

Carr. Riggs & Ingram. LLC

June 29, 2015

ALGIERS DEVELOPMENT CORPORATION SCHEDULE OF FINDINGS AND QUESTIONED COSTS FOR THE YEAR ENDED DECEMBER 31, 2014

Section I – Summary of Auditor's Results

<u>Financial Statements</u>						
Type of auditor's report issued:			Unmodifie	d		
Internal control over financial reporting:						
Material weaknesses identified?		1	_yes	X		no
Significant deficiencies identified	v			v		5-201-201-01
not considered to be material weaknesses?		0	_yes	X		none reported
						reported
Noncompliance material to financial statement	s noted?	No.	_yes	X		no
Federal Awards						
Internal control over major programs:						
Material weaknesses identified?		16	_yes	X		no
Significant deficiencies identified						
not considered to be material weaknesses)	72	yes	X		none
						reported
Type of auditor's report issued on compliance for major programs:			Unmodifie	d		
Any audit findings disclosed that are required						
to be reported in accordance with						
Circular A-133, Section .510 (a)?			yes	X		no
Identification of major programs:						
CFDA Numbers	Name of Federal Program or Cluster					
14.228	Commu	nity Develop	ment Block	Grants i	n	
	Grants	/State's pro	gram and No	on-Entitle	emen	t Hawaii
Dollar threshold used to distinguish						
between Type A and Type B programs:		\$300,000				

ALGIERS DEVELOPMENT CORPORATION SCHEDULE OF FINDINGS AND QUESTIONED COSTS FOR THE YEAR ENDED DECEMBER 31, 2014

Section II - Financial Statement Findings

Compliance Finding 2014-01

Criteria

The Board of Directors meetings should have accurate and complete notation of all discussion topics documented in the record of the minutes of each meeting.

Condition

The Board of Directors did not fully document their authorization of the purchase of the bond principal investment.

Effect

There was not adequate documentation in the minutes of the Board of Directors meeting during the year to provide a complete record of the authorization of the purchase of the bond principal investment.

Recommendation

We recommend that the Board of Directors designate a member to ensure full and accurate detail of all Board of Director discussions/authorizations is recorded in the minutes of each meeting.

Management's Corrective Action Plan or Current Status

The Board of Directors is actively seeking to increase from a 3-member board to a 5-member board during the year ending December 31, 2015 and to designate one of the members to ensure there is accurate and complete detail kept of all meetings.

Section III – Federal award findings and Questioned Costs

No findings or questioned costs noted for the year ended December 31, 2014.